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THE OVERLAND EXPRESS LIMITED

HEAD OFFICE: WOODSTOCK, ONTARIO

ANNUAL REPORT
1965

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

AUTHORIZED CAPITAL 167,000 60¢ Cumulative Non-Callable Preference Shares of no par value convertible into Common Shares at the rate of 1 Common Share for each Preference Share.
400,000 Common Shares of no par value.

ISSUED CAPITAL 167,000 Preference Shares.
202,400 Common Shares.

OFFICERS Robert D. Grant, President.
Stephen J. Suske, Vice President and General Manager.
William A. Reid, Secretary-Treasurer.

DIRECTORS Frederick A. Beck, Q.C., Toronto, Ont.
William E. N. Bell, Toronto, Ont.
Robert D. Grant, Toronto, Ont.
Francis D. Lace, Toronto, Ont.
William A. Reid, Woodstock, Ont.
Stephen J. Suske, Woodstock, Ont.
Ian S. Waldie, Toronto, Ont.

AUDITORS Clarkson, Gordon & Co., London, Ont.

SOLICITORS White, Bristol, Beck & Phipps, Toronto, Ont.

TRANSFER AGENTS & REGISTRAR The Royal Trust Co., Toronto, Ont.

THE OVERLAND EXPRESS LIMITED

Dec 15, 1965

AND SUBSIDIARY COMPANIES

FACTS IN BRIEF

	1965 October 30	1964 October 31	1963 November 2	1962* October 27	1961 October 31
Net freight revenue (total sales)	$8,183,521	$7,181,518	$6,456,062	$5,034,189	$5,455,503
Net profit after taxes	$358,927	$395,658	$304,991	$102,766	$165,423
Times Preferred dividend earned	3.58	3.95	3.04	1.02	1.65
Earnings per Common share after Preferred dividend	$1.28	$1.48	$1.02	$ .01	$ .33
Common Stock dividend per share	$ .30	$ .25	$ .10	Nil	Nil
Book value per share (including Preferred)	$6.26	$5.71	$5.01	$4.64	$4.64
Salaries, wages and benefits	$4,218,065	$3,563,784	$3,324,405	$2,770,830	$2,999,937
No. of full time employees at year-end	692	643	595	590	642
No. of Preferred shareholders at year-end	1,063	1,097	1,107	888	819
No. of Common shareholders at year-end	690	650	667	723	750
No. of tons transported	529,631	475,334	418,283	330,263	353,560
No. of shipments transported	484,109	489,320	475,012	433,879	495,180
Total mileage	9,364,419	8,608,651	7,428,952	6,578,551	6,160,090
Fuel taxes and licences	$579,427	$507,391	$436,140	$371,462	$380,889
Equipment owned and operated:					
Trucks and Tractors	291	267	259	250	264
Semi Trailers	375	322	271	269	262
Miscellaneous	81	77	66	36	30

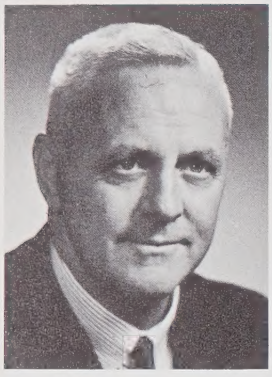
*1962 figures affected by a seven week strike.

TERMINAL MANAGERS

R. E. STONE, *Manager*
Windsor-Detroit
36 Years

C. I. COTTRELL, *Manager*
Toronto
29 Years

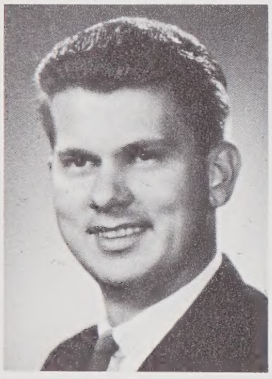
W. W. BRADLEY, *Asst. Manager*
Detroit
20 Years



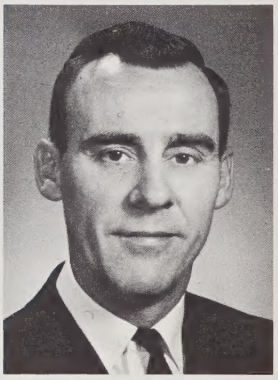
J. S. BAYNE, *Manager*
Sarnia
9 Years

Our Terminal Managers have served our customers for a combined total of 201 years. We are proud of the part they have played in Overland and in their respective communities.

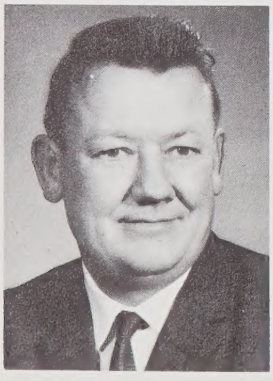
W. J. WILSON, *Manager*
Central Ontario
20 Years



W. T. WHITE, *Manager*
Buffalo
10 Years



V. A. BOWEN, *Manager*
Niagara
19 Years



A. E. JAMES, *Manager*
Barrie
10 Years

J. A. DUNHAM, *Manager*
Hamilton
14 Years

N. R. CLAXTON, *Asst. Manager*
Toronto
15 Years

F. N. FRENCH, *Manager*
Chatham
19 Years

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

TO THE SHAREHOLDERS, CUSTOMERS AND EMPLOYEES OF THE OVERLAND EXPRESS LIMITED:

December 2nd, 1965

It is a pleasure to report to you at the conclusion of our 6th year as a public company and our thirty-seventh continuous year of operations.

This has been in many ways a year of solid progress, with record net freight revenues (total sales) of $8,183,521, an increase over last year of $1,002,003 or 14%. In spite of this large increase our net profit after taxes fell $36,731 to $358,927 or 4.4% on the sales dollar.

Unfortunately, during October the last month of our fiscal year, a portion of our system was involved in an illegal strike which closed two of our branches for almost two weeks and other branches for shorter periods. It is worth mentioning that although the strike was costly we were affected to a lesser degree than most of our competitors and a fairly high percentage of our employees continued to work throughout the troubled period in the face of violence and threats from the strikers.

It is difficult to estimate with accuracy the cost to the Company during this time but with a drop in revenue of approximately $100,000 for October it would appear that our expenses only went down about $20,000 resulting in an $80,000 pre tax loss attributable to the strike. It should be pointed out that extra expense is incurred during a partial shutdown by the necessity of running two men in a truck, delays lining up convoys and general uncertainty as to what is going to develop as the hours go by.

The situation at this moment is very unsatisfactory. Our contract with the Teamsters Union expired September 30th, 1965. We started negotiations late this past summer but so far have been unable to conclude an agreement. A conciliation board headed by Judge J. C. Anderson is writing a report which we should have in a few days and perhaps we will get onto common ground after that is received.

Capital expenditure for the year was $752,978 on automotive equipment and $513,048 on other fixed assets most of which was accounted for by the new Detroit terminal. Depreciation on all capital assets was charged at maximum allowable and amounted to $642,836, an increase of $111,337. Thus our cash flow, net profit plus depreciation, showed an increase of $74,606 to $1,001,763. Working capital at the year end was $236,981 a reduction of $178,119. This was brought about by our unusually large capital expenditures.

Our regular highway fleet is now almost completely dieselized with the addition in the past year of 22 tractors. Our diesel purchases for this year will be reduced although we will be making substantial purchases of City gasoline tractors and semi-trailers for the highway. Our capital expenditures for the coming year should be substantially under the past year.

We are now operating three small subsidiary companies, whose figures are consolidated in this statement. Hodgson-Taylor Company Limited, G.W.A. Inc. and a new addition, Oxford Tire Limited. The first two we have owned for a number of years and the third was purchased this year for a nominal sum. Its function is to provide a vehicle which will qualify for maximum dealer discounts on automotive parts. All three companies showed a small profit.

Last year I referred to the installation of a Univac Data Processing system at our Head Office. I am pleased to report that after a difficult initial period of changeover, it is now running smoothly and is of great assistance to us. Although our receivables show a slight increase in dollars, when related to net freight revenue and compared to last year we have improved from 21% to 19%. We are hopeful that further improvement is possible.

Our total dividend payments for the year were 60c on the Preferred and 30c on the Common—an increase of 5c on the Common.

With the exception of our unsettled labour picture, prospects for the coming year appear to be very good. If we can avoid a costly strike, we are confident that the large increases in wages that are coming up can be offset by better operations and increased rates. Volume is continuing at a high level. The United States-Canada Automobile Trade Agreement seems to be helping us, particularly in the development of freight moving from Canada to the U.S.

Once again, it is a great pleasure to acknowledge with thanks the support of our Directors, Shareholders and Employees.

On behalf of the Board of Directors.

R. D. GRANT
PRESIDENT

THE OVERLAND EXPRESS LIMITED

(Incorporated under the laws of Ontario)

AND SUBSIDIARY COMPANIES

CONSOLIDATED

OCTOBE

ASSETS

Current:		
Cash	$ 5,739	
Accounts receivable (net)	1,585,251	
Inventory of parts and supplies—at the lower of cost or market value	69,393	
Cash surrender value of life insurance	21,404	
Prepaid expenses	109,844	$1,791,631
Fixed—at cost:		
Land and roadways	$ 367,706	
Buildings	1,900,993	
Furniture and equipment	490,222	
Automotive equipment	4,501,491	
	$7,260,412	
Less accumulated depreciation	4,192,864	3,067,548
Franchises—at nominal value		1

On behalf of the Board

R. D. Grant, Director

W. A. Reid, Director

$4,859,180

The accompanying "Notes to the Consolidated Financial S

AUDITO

To the Shareholders,
THE OVERLAND EXPRESS LIMITED.

We have examined the consolidated balance sheet of October 30, 1965 and the consolidated statements of prof Our examination included a general review of the accountin supporting evidence as we considered necessary in the circ

In our opinion the accompanying consolidated balance surplus present fairly the financial position of the companies year then ended in accordance with generally accepted acc preceding year.

Our examination also included the accompanying cons our opinion, when considered in relation to the aforementio changes in the working capital of the companies for the yea

London, Canada.
November 30, 1965.

THE OVERLAND EXPRESS LIMITED

(Incorporated under the laws of Ontario)

AND SUBSIDIARY COMPANIES

ALANCE SHEET

0, 1965

LIABILITIES

Current:		
Due to bankers—against which accounts receivable have been pledged—on demand loan	$ 375,717	
—on overdraft	330,965	$ 706,682
Accounts payable and accrued charges		634,670
Taxes payable		118,148
Deferred bank loan and mortgage principal payments due within one year		95,150
		$1,554,650
Deferred:		
Deferred bank loan and mortgages payable—note 1	$1,088,500	
Less deferred bank loan and mortgage principal payments due within one year and included in current liabilities	95,150	993,350
Shareholders' equity:		
Capital—note 2—		
Authorized:		
167,000 60c cumulative non-callable preference shares of no par value convertible into common shares at the rate of 1 common share for each preference share		
400,000 common shares of no par value		
Issued:		
167,000 preference shares and 202,400 common shares	$ 75,600	
Earned surplus	2,235,580	2,311,180
		$4,859,180

ents" should be read in conjunction with this statement.

REPORT

verland Express Limited and subsidiary companies as at loss and earned surplus for the year ended on that date. edures and such tests of the accounting records and other nces.

and consolidated statements of profit and loss and earned October 30, 1965 and the results of their operations for the g principles applied on a basis consistent with that of the

ed statement of source and application of funds which in ancial statements, presents fairly the factors giving rise to d October 30, 1965.

CLARKSON, GORDON & CO.
Chartered Accountants.

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS—YEAR ENDED OCTOBER 30, 1965

Net freight revenue (total sales)		$8,183,521
Operating expenses excluding depreciation		6,736,266
Operating profit for year before deducting depreciation and interest on bank loans, notes and mortgages		$1,447,255
Deduct:		
Depreciation	$642,836	
Interest on bank loans, notes and mortgages	94,293	737,129
Profit for year before taxes on income		$ 710,126
Taxes on income		351,199
Net profit for year		$ 358,927

Directors' fees of $2,100 have been deducted in arriving at the net profit for the year.

The accompanying "Notes to the Consolidated Financial Statements" should be read in conjunction with this statement.

STATEMENT OF CONSOLIDATED EARNED SURPLUS—YEAR ENDED OCTOBER 30, 1965

Balance October 31, 1964		$2,034,078
Add:		
Profit on sale of fixed assets	$ 3,415	
Net profit for year	358,927	362,342
		$2,396,420
Deduct:		
Dividends on preference shares	$100,200	
Dividends on common shares	60,640	160,840
Balance October 30, 1965		$2,235,580

The accompanying "Notes to the Consolidated Financial Statements" should be read in conjunction with this statement.

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

YEAR ENDED OCTOBER 30, 1965 — (with comparative figures for the year ended October 31, 1964)

	1965	1964	Increase or (decrease)
Working capital, beginning of year	$ 415,100	$ 229,615	$ 185,485
Source of funds:			
Consolidated net profit for the year	358,927	395,658	(36,731)
Depreciation provided	642,836	531,499	111,337
Proceeds from sale of assets	27,275	107,368	(80,093)
Proceeds of deferred bank loan		300,000	(300,000)
Proceeds of mortgage	300,000		300,000
Proceeds from issue of capital stock	15,600		15,600
	$1,344,638	$1,334,525	$ 10,113
Application of funds:			
Dividends paid to shareholders	$ 160,840	$ 150,200	$ 10,640
Investment in automotive equipment	752,978	669,257	83,721
Investment in other fixed assets	513,048	205,598	307,450
Repayment or provision for repayment of deferred bank loan, notes and mortgages payable	95,891	123,985	(28,094)
	$1,522,757	$1,149,040	$ 373,717
Working capital, end of year	$ 236,981	$ 415,100	$(178,119)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — OCTOBER 30, 1965

NOTE 1—DEFERRED BANK LOAN AND MORTGAGES PAYABLE

Particulars of deferred bank loan and mortgages payable at October 30, 1965 are as follows:

Deferred bank loan repayable $5,000 per month		$ 240,000
Mortgages—		
7¼% on which repayment has been waived for at least one year	$ 15,000	
6%-7¼% repayable in monthly instalments of blended principal and interest totalling $7,557 and due at varying dates from December, 1970 to August, 1985	833,500	848,500
		$1,088,500
Less principal payments due within one year		95,150
		$ 993,350

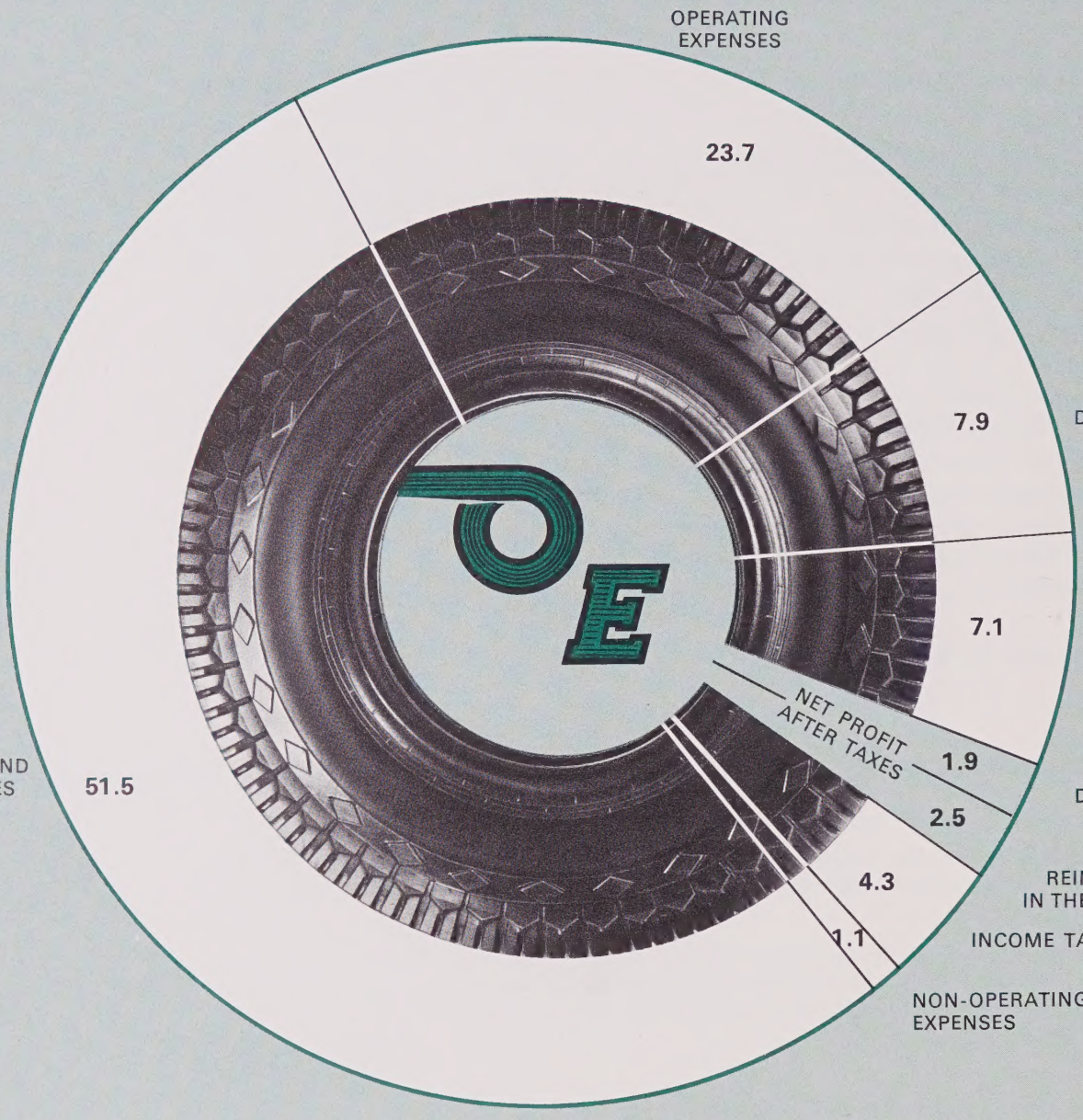
NOTE 2—CAPITAL STOCK

As at October 30, 1965 there were options outstanding to certain officers and other employees on 29,600 common shares of capital stock at $6.50 per share. These options become exercisable to the extent of 6,400 shares each on January 1, 1964 to 1968 inclusive on a cumulative basis, and are subject to termination on January 1, 1969. During the year ended October 30, 1965 options were exercised on a total of 2,400 shares for $15,600 cash.

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

OUR 1965 REVENUE DOLLAR
...AND WHAT WE DID WITH IT!



THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

J. E. Taylor on Public Relations:

Industry generally recognizes the need of good Public Relations. The Trucking Industry, because so much of its work is carried on in public view, is in a peculiar position which makes good P. R. a must. Every day our Drivers are associating with thousands of people on the common highway, which is the motorists' playground . . . and our work bench.

This constant mingling with the public could be considered a disadvantage to our industry and yet what other industry has a better opportunity to carry on a good P. R. program, complete with a captive audience?

In 1954 Overland enlisted the aid of its Drivers in a Road Courtesy program with the theme "Make Friends As You Go"—not as a sales effort but rather to acknowledge the duty that comes with our right to carry on business on the common road. Now hundreds of letters received by us from motorists who have been given help by Overland Drivers prove the worth of the plan.

We are proud that during this time one of our Drivers earned the Dow Award for saving the lives of three persons trapped in a flaming wreck; a second was presented with the Dunlop Tire Award for his rescue of a family stranded in a snow storm. More important, perhaps, are the day to day routine efforts which are carried out strictly on a voluntary basis by our Drivers without reward or payment of any kind except for the personal satisfaction they receive from having given a helping hand.

On this page are excerpts from just a few of the hundreds of letters in our files and the purpose of this message is to acknowledge, with sincere appreciation, the efforts of our Drivers who are fostering this program.

J. E. TAYLOR, *Director:* Personnel, Industrial Relations, Safety Dept.

Excerpts from letters on file from motorists who have received aid...

"There were three women and three children in the car and we were certainly helpless and without his help we could not have continued."

"My husband is 70 years old and just felt terrible. We were both downhearted when a young man drove along side of us and said in a cheery voice, 'Hello, traveller, can I help you?'—we never heard such welcome words."

"Prior to this experience I was a bit hostile toward transports in general, this act has gone a long way in changing my attitude."

"May God protect your fine industry whose motto is to serve and help its fellow countrymen."

"In seconds he had the fire out with his extinguisher and if it had not been for him my car would have burned up."

"I had reason to count my blessings when an Overland Express truck stopped."

"How helpless you can feel at this time of the morning, a long way from nowhere. Within two minutes your truck had stopped and I was well on the road to becoming mobile again."

"In a matter of seconds your Driver was out with a flare signalling the approaching traffic. If it had not been for his quick action a chain reaction would have set in with a number of cars wrecked and possibly lives lost."

"If all your Drivers are like the one that helped me you must have the best outfit in North America."

"I know I'll never be a stranger while driving on Canadian highways as long as your Company trucks are on them."

"I would appreciate it very much if you would convey my thanks to your Driver who assisted me from my wrecked car and transported me to Victoria Hospital."

"Seeing the situation and with no one else coming to the man's aid your Driver pulled up and helped the man into a store. The elderly man was cut and I noticed your man take a kit out of his cab and then proceed to bandage him."

"I am an amputee having lost my leg in World War 1, so you know the big help your Driver gave me."

"What I liked so much was the obliging and congenial manner in which he helped me."

"He was so kind and considerate, to us he was a Godsend."

"My wife stopped seven different vehicles and everyone had some excuse. Until your Driver stopped we had begun to think there weren't any decent people left."

"We have never met such a good Samaritan."

"I have long admired the manners of transport drivers from afar, now I know from personal experience that they exemplify the highest standard of humanity and consideration."

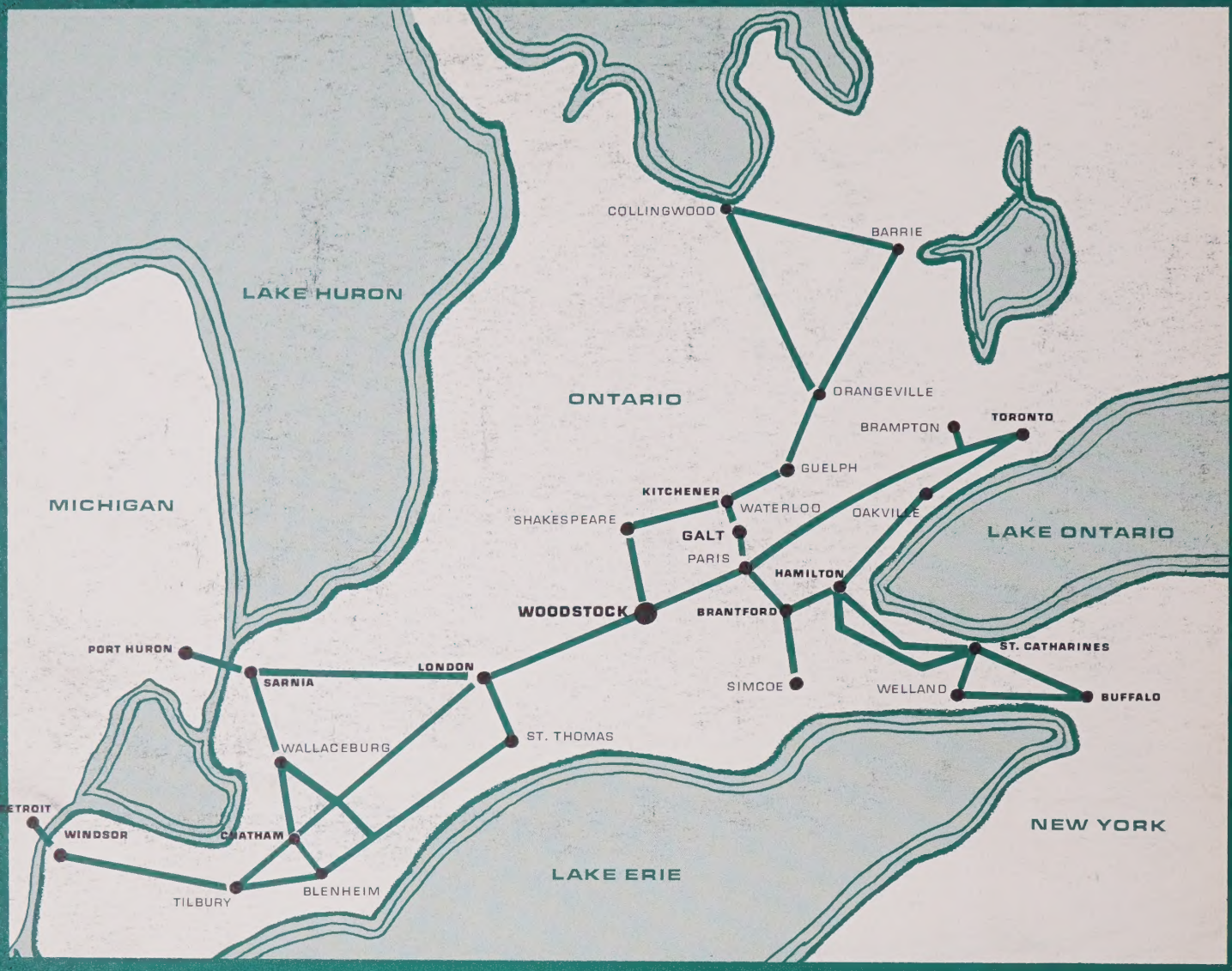
"Frankly I was very surprised that a very busy transport firm like yours would spare the time to help someone in trouble."

"Things like this make this world a wonderful place to live in."

"I felt this type of courtesy should be repaid in some way and I offered him something and he said 'No sir, I and my company are very pleased to be of service to you'."

"I have been in Canada just a little over a month and this is the first expression of friendship I have seen."

"Had it not been for his fast thinking and work we would have lost our car and belongings when it caught fire on the highway."



ROUTES OF THE OVERLAND EXPRESS LIMITED